

**Internal Revenue Service  
P.O. Box 2508  
Cincinnati, OH 45201**

**Department of the Treasury**

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Release Date: 4/23/10  
Date: January 25, 2010

**Employer Identification Number:**

**Contact Person - ID Number:**

**Contact Telephone Number:**

**LEGEND**

UIL 4945.04-04

C = Name of College  
F = Name of Graduate School  
G = Name of University  
P = Location of University  
Q = Name of Degree program

Dear :

We have considered your request for advance approval of your grant-making program under section 4945(g) (1) of the Internal Revenue Code, dated May 4, 2009.

Our records indicate that you were recognized as exempt from Federal income tax under section 501(c)(3) of the Code and that you are classified as a private foundation as defined in section 509(a).

Your letter indicates that you will operate a grant-making program. The purpose is to provide scholarships to new or present students who are pursuing a Q degree at C and F at G in P. The number of scholarships and the amount of each scholarship will vary each year.

All applicants accepted for admission to C and F are considered eligible to receive scholarships. After the Office of Admissions of C and F completes its screening of applicants to its programs based on application, undergraduate and academic record, letters of recommendation, level of study completed, and interviews with faculty of C and F, candidates are ranked. The Scholarship Recommendation Committee reviews the rankings and makes recommendations to you. The Scholarship Recommendation Committee is made up of the Dean and the Senior Associate Dean of C. There is not a separate scholarship application for the scholarship program and the university does not publicize the scholarship program.

The recipient is notified of the award by letter. You will pay scholarship proceeds directly to G. You provide a letter to G specifying that G's acceptance of the scholarship proceeds constitutes G's agreement to (a) refund any unearned portion of a scholarship if, subsequent to the payment of a scholarship, a scholarship recipient fails to meet any term

or condition of the Scholarship Program; and (ii) notify you if a scholarship recipient fails to meet any term or condition of the Scholarship Program.

No scholarships may be awarded to any individual who is related by blood, adoption or marriage to any member of the Recommendation Committee or any disqualified person as defined in Section 4946 of the Code. Also you may not benefit directly or indirectly from selecting certain scholarship recipients over other potential scholarship recipients.

The organization agrees to maintain records which include the following:

- a. Information used to evaluate the qualification of potential grantees;
- b. Identification of the grantees (including any relationship of any grantee to the private foundation), the amount and purpose of each grant; and
- c. All grantee reports and other follow-up data obtained in administering the private foundation's grant program.

Sections 4945(a) and (b) of the Code impose certain excise taxes on "taxable expenditures" made by a private foundation.

Section 4945(d)(3) of the Code provides that the term "taxable expenditure" means any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or other similar purposes by such individual, unless such grant satisfies the requirements of subsection (g).

Section 4945(g) of the Code provides that section 4945(d)(3) shall not apply to individual grants awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance if it is demonstrated that:

- (1) The grant constitutes a scholarship or fellowship grant which is subject to the provisions of section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii);
- (2) The grant constitutes a prize or award which is subject to the provisions of section 74(b), if the recipient of such prize or award is selected from the general public, or
- (3) The purpose of the grant is to achieve a specific objective, produce a report or similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantee.

Section 53.4945-4(c) (1) of the Regulations provides that to secure approval, a private foundation must demonstrate that:

- (i) Its grant procedure includes an objective and nondiscriminatory selection process
- (ii) Such procedure is reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance; and

- (iii) The foundation plans to obtain reports to determine whether the grantees performed activities that the grants are intended to finance.

Based on the information submitted and assuming your award programs will be conducted as proposed with a view to provide objectivity and nondiscrimination in making the awards, we have determined that your procedures for granting the awards comply with the requirements contained in section 4945(g) of the Code and that awards granted in accordance with such procedures will not constitute "taxable expenditures" within the meaning of section 4945(d) (3).

In addition, we have determined that awards made under your procedures are excludable from the gross income of the recipients subject to the limitations provided by section 117 of the Code.

This determination is conditioned on the understanding that there will be no material change in the facts upon which it is based. It is further conditioned on the premise that no grants will be awarded to foundation managers, or members of the selection committee, or for a purpose that is inconsistent with the purpose described in section 170(c)(2)(B) of the Code.

The approval of your award program procedures herein constitutes a one-time approval of your system standards and procedures designed to result in awards which meet the requirements of section 4945(g)(1) of the Code. This determination only covers the grant programs described above. Thus, approval shall apply to subsequent award programs only as long as the standards and procedures under which they are conducted do not differ materially from those described in your request.

Any funds you distribute to individuals must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should maintain adequate records and case histories so that any or all award distributions can be substantiated upon request by the Internal Revenue Service.

This determination is directed only to the organization that requested it. Section 6110(j) (3) of the Code provides that it may not be used or cited as a precedent.

You must report any future changes in your grant making procedures. Please keep a copy of this letter in your permanent records.

We have sent a copy of this letter to your representative as indicated in your power of attorney.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Robert Choi  
Director, Exempt Organizations  
Rulings and Agreements